# GOVERNMENT OF INDIA
# EXTERNAL AFFAIRS
# LOK SABHA

UNSTARRED QUESTION NO:6883
ANSWERED ON:10.05.2000
IMPORTANCE OF SAPTA/SAFTA
SAHIB SINGH VERMA

**Will the Minister of EXTERNAL AFFAIRS be pleased to state:**

(a) the extent to which SAPTA and SAFTA are contributing to the growth of economy among SAARC member countries; and

(b) the way both the elements are likely to contribute to the region`s economy in the coming days?

## Answer

MINISTER OF STATE FOR EXTERNAL AFFAIRS

(SHRI AJIT KUMAR PANJA)

(a) & (b) Progressive trade liberalisation under the South Asian Preferential Trading Arrangement (SAPTA) as well as under bilateral arrangements between SAARC member countries is expected to make a positive contribution to the growth of the economies of SAARC member countries by facilitating intra-regional trade and regional economic integration. Measures implemented under SAPTA/ bilateral free trade arrangements will allow participating countries to reap the benefits of larger markets and economies of scale and to procure supplies of crucial raw materials and manufactures at substantially lower costs due to geographical proximity. Increased access to India`s larger markets for goods of neighbouring countries will enable them to attract greater inflows of foreign direct and domestic investment for production of goods for export to India, thus leading to diversification and strengthening of their economies.

India`s exports are also expected to benefit from the lowering of tariff and non-tariff barriers by neighbouring countries. The trade liberalisation under implementation thus carries strong potential for improving the competitiveness of the economies of all participating countries, thus enabling them to face a fiercely competitive global environment. Once a South Asian Free Trade Area is achieved, this process will reach its logical conclusion enabling free movement of goods within the participating countries.